Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UPES

End Semester Examination, December 2023

Course: B.COM(H)-ECOM & BI **Semester : III**
Program: Financial Modelling **Time : 03 hrs.**
Course Code: FINC2041 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.	**All questions are compulsory and carry equal marks:**	**Marks**	**CO**
Q 1	External source of financing do not include: a) Debenture b) Retained Earning c) Overdraft d) Leasing	**2**	**CO1**
Q 2	What does the term "IRR" refer to in financial modeling? a) Internal Rate of Return b) International Revenue Ratio c) Intrinsic Risk Reduction d) Investment Return Rate	**2**	**CO1**
Q 3	Ratio of net profit before interest and tax to sales is: a) Gross Profit Ratio b) Net Profit Ratio c) Operating Profit Ratio d) Interest coverage Ratio	**2**	**CO1**
Q 4	What is the purpose of scenario analysis in financial modeling? a) Identifying potential risks and uncertainties b) Evaluating the impact of different scenarios on financial outcomes c) Planning for various future possibilities d) All of the above	**2**	**CO1**
Q 5	Which of the following is the irrelevance theory: a) Walter Model b) Gordon Model c) MM Hypothesis d) Linter's model	**2**	**CO1**
Q 6	Which of the following is not part of Quick Asset: a) Receivables b) Cash c) Bank	**2**	**CO1**

	d) Prepaid Expense		
Q 7	Which financial ratio measures a company's ability to meet its short-term obligations with its most liquid assets? a. Debt-to-Equity Ratio b. Current Ratio c. Return on Investment (ROI) d. Gross Margin Ratio	**2**	**CO1**
Q 8	In financial modeling, what does the term "NPV" stand for? a) Net Profit Value b) Net Present Value c) Non-Performing Venture d) Numerical Profit Variable	**2**	**CO1**
Q 9	Which of the following indicate the business risk: a) Operating leverage b) Financial Leverage c) Combined Leverage d) None of above	**2**	**CO1**
Q 10	Which financial statement is typically used to create a projected income statement in a financial model? a) Balance Sheet b) Cash Flow Statement c) Statement of Retained Earnings d) None of the above	**2**	**CO1**
	SECTION B **4Qx5M= 20 Marks**		
	All questions are compulsory and carry equal marks:		
Q 11	Define the term “Trading on Equity”.	**5**	**CO2**
Q 12	Describe any 3 advantages of Stock Dividend to the shareholders in respect of taxes and liquidity.	**5**	**CO2**
Q 13	Discuss the advantages of raising funds by issue of equity shares.	**5**	**CO2**
Q 14	How will you calculate the cost of Redeemable Debentures, using approximation method?	**5**	**CO2**
	SECTION-C **3Qx10M=30 Marks**		
	All questions are compulsory and carry equal marks:		
Q 15	Dividend policy of a firm is governed by many factors. You are required to explain those factors that hit the dividend distribution decision of the company.	**10**	**CO3**
Q 16	Cost of equity of a company is 10.41% while the cost of retained earnings is 10%. There are 50,000 equity shares of Rs. 10 each and retained earnings of Rs. 15,00,000. Market price per equity share is Rs. 50. Calculate the WACC using market value weights if there are no other source of finance.	**10**	**CO3**

<table>
<tr><td>Q 17</td><td>The sales of the company is Rs.5,00,000. Profit is 25% on cost. Its stock turnover ratio is 5 times and its closing stock is Rs.20,000 more than opening stock. Calculate opening and closing stock.</td><td>10</td><td>CO3</td></tr>
<tr><td colspan="4">SECTION-D
2Qx15M= 30 Marks</td></tr>
<tr><td></td><td>All questions are compulsory and carry equal marks:</td><td></td><td></td></tr>
<tr><td>Q 18</td><td>A firm details are as under:

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<tr><td>Sales (@100 per unit)</td><td>Rs. 24,00,000</td></tr>
<tr><td>Variable Cost</td><td>50%</td></tr>
<tr><td>Fixed Cost</td><td>Rs. 10,00,000</td></tr>
<tr><td></td><td></td></tr>
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It has borrowed Rs. 10,00,000 @10% p.a and its equity share capital is Rs. 10,00,000 (Rs. 100 each)
You are required to calculate:
a) Operating Leverage
b) Financial Leverage
c) Combined Leverage
d) Return on Investment
e) If the sales increase by Rs. 6,00,000 what will be the new EBIT.</td><td>15</td><td>CO4</td></tr>
<tr><td>Q 19</td><td>D Ltd belong to a risk class for which the capitalization rate is 10%. It currently has outstanding 10,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of dividend of Rs. 5 per share at the end of the current financial year. It expect to have a net income of Rs. 1,00,000 and has a proposal for making new investments of Rs. 2,00,000. Calculate the value of the firm when:
a) Dividend are paid
b) Dividend are not paid</td><td>15</td><td>CO4</td></tr>
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